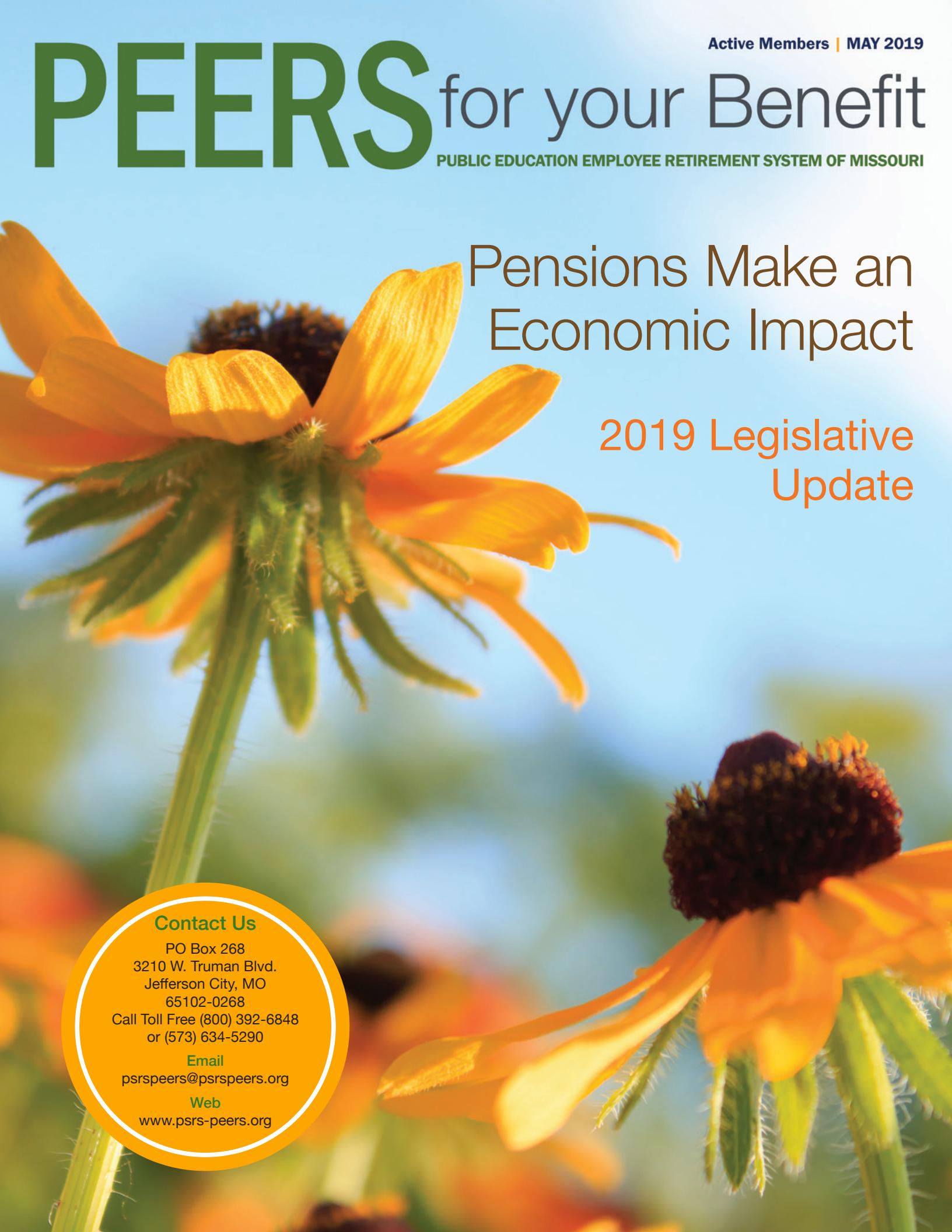


PEERS for your Benefit

PUBLIC EDUCATION EMPLOYEE RETIREMENT SYSTEM OF MISSOURI

A close-up photograph of several yellow flowers, likely Black-eyed Susans, against a bright blue sky. The flowers are in sharp focus in the foreground, while the background is softly blurred.

Pensions Make an
Economic Impact

2019 Legislative
Update

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PUBLIC EDUCATION EMPLOYEE
RETIREMENT SYSTEM OF MISSOURI

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PEERS For Your Benefit is published by the Public School and Education Employee Retirement Systems of Missouri.



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Simply visit www.psrs-peers.org and log in to Web Member Services to change your delivery preference.

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Pensions Make an Economic Impact

New Independent Research Study Confirms the Value of Defined Benefit Pension Plans

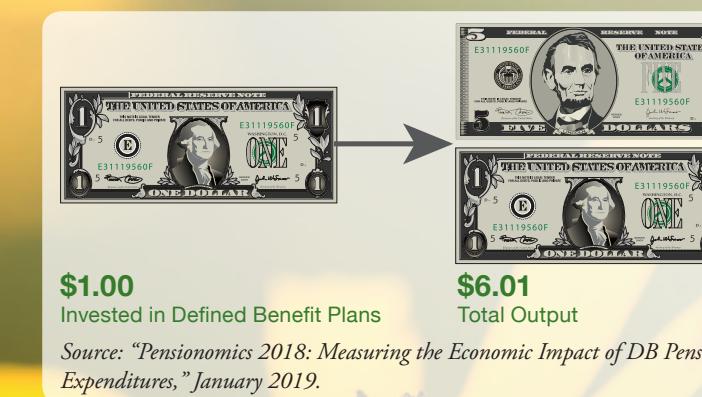
A recent study conducted by the National Institute on Retirement Security (NIRS) found that pensions contribute substantially to the local, state and national economies.

In the report, "*Pensionomics 2018, Measuring the Economic Impact of DB Pension Expenditures*," researchers found that reliable pension income can be especially important not only in providing retirees with peace of mind, but also by stabilizing local economies during economic downturns.

The economic gains attributable to defined benefit pension plans in the U.S. are substantial

- Retiree spending of pension benefits in 2016 generated \$1.2 trillion in total U.S. economic output, supporting some 7.5 million jobs across the U.S.
- Pension spending also added a total of \$202.6 billion to U.S. government coffers, as taxes were paid at federal, state and local levels on retirees' pension benefits and their spending in 2016.
- Pension spending in Missouri supported 50,829 jobs and a total of \$7.2 billion in total output within the state.

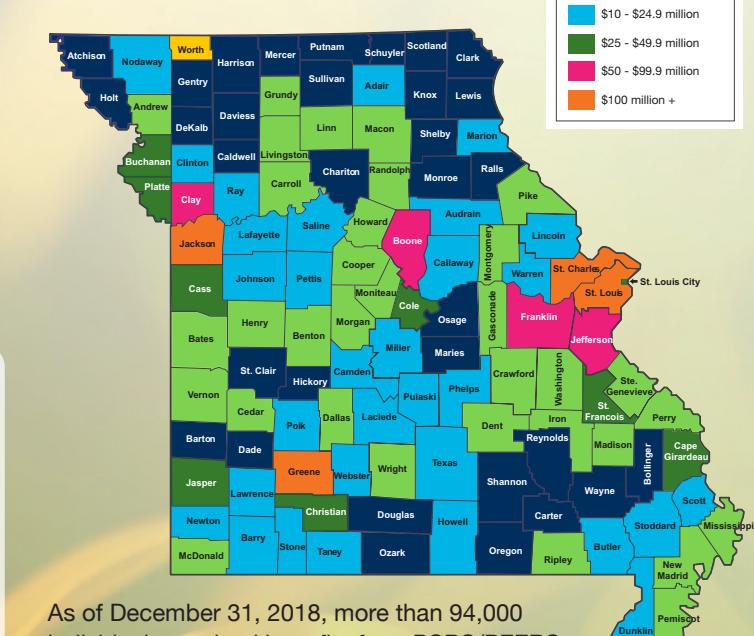
The study also found that every dollar invested by members into a Missouri defined benefit pension plan like PEERS produced \$6.01 of total economic output within the state.



In Missouri, the benefits paid by PEERS and its sister plan, the Public School Retirement System of Missouri (PSRS), make a sizable contribution to Missouri's economy and help Missouri public schools attract and retain quality teachers and education employees.

PSRS/PEERS of Missouri Pension Benefits by County

(Unaudited as of December 31, 2018)



As of December 31, 2018, more than 94,000 individuals received benefits from PSRS/PEERS.

Total annual benefits paid were over **\$2.8 billion**. Of this amount, more than \$2.5 billion or 89% was distributed among Missouri's 114 counties, positively impacting the state's economy.

You can read the NIRS study in its entirety at <https://www.nirsonline.org>. You may view the interactive version of the Benefits by County on our website.



2019 Legislative Update

Since the General Assembly began the 2019 Legislative Session on January 9, 2019, over 1,900 bills have been introduced. PSRS/PEERS is closely monitoring almost 200 bills. The 2019 Legislative Session ends on May 17, 2019.

The following is an overview of some of the bills of interest to PSRS/PEERS and our members, as of the release of this newsletter. The status of these bills can change daily. To view a summary and the current status of all the bills we are tracking this session, visit www.psrs-peers.org/Legislation.

House Bill (HB) 69 allows active PSRS members who have more than 31 years of service to retire with a benefit factor of 2.55% instead of the current benefit factor of 2.5%.

This bill repeals the July 1, 2014 termination date of a provision allowing PSRS members who have 31 or more years of service to have their retirement benefit calculated using a benefit factor of 2.55%.

House Bill (HB) 77 and Senate Bill (SB) 17 allow all PSRS retirees who return to work for community colleges to be covered under the 550 hours and 50% of salary statutory work limits (this exempts them from the \$15,000 salary/no hourly limit provision passed last session).

No contributions would be required from the employer or retiree. This bill does not contain a refund provision.

PricewaterhouseCoopers (PWC), the Systems' actuary, prepared a cost statement that indicates this bill would have no fiscal impact to PSRS and the fiscal impact to PEERS would be an insignificant loss.

The Board went on record unanimously in support of HB 77 and SB 17 as long as the bill(s) do not contain a refund provision, which would jeopardize PSRS/PEERS' federal tax exemption status.

HB 77 was truly agreed to and finally passed on April 4, 2019 and was sent to the governor on April 9. **The governor signed the bill on April 16.**

Continued from page 4

If the usage of the increased limit on post-retirement work hours falls within these ranges, the increase in the normal cost to PSRS would be between \$18.3 million and \$227 million. The increase in PSRS' actuarially accrued liability would be between \$26.1 million and \$312.2 million. The increase in the normal cost to PEERS would be between \$5.2 million and \$69 million. The increase in PEERS' actuarially accrued liability would be between \$5.6 million to \$76.9 million.

House Bill (HB) 459 repeals a provision that allows a PSRS retiree to be employed in a position covered by PEERS and earn up to 60% of the minimum teacher's salary as set forth in Section 163.172 RSMo.

- PSRS retirees would be allowed to earn up to 50% of their salary as an active employee as outlined in the bill.
- The provision requiring contributions to be paid to the Retirement System by the hiring employer of such person is also repealed.

House Bill (HB) 723 allows any retiree who selects a Joint-and-Survivor benefit plan and has a subsequent divorce, or any retiree who has already been divorced, to get a benefit "pop-up" to the Single Life benefit plan amount upon receipt of an application by PSRS/PEERS, as long as the following occurs:

- For divorces that occur after September 1, 2017, the divorce decree must clearly state that the retiree retains sole retention of his/her retirement benefit and that the ex-spouse is relinquishing all rights to his/her benefit (no change from current statute).
- For divorces that occurred before September 1, 2017, the divorce decree must clearly state that the retiree retains sole retention of his/her retirement benefit and that the ex-spouse is relinquishing all rights to his/her benefit, and:
 - The parties obtain an amended or modified divorce decree after September 1, 2017, or
 - The spouse named as beneficiary consents in writing to his/her immediate removal as the named beneficiary and disclaims all rights to future benefits to the satisfaction of the PSRS/PEERS Board of Trustees.

- For divorces that occurred before September 1, 2017, and the divorce decree does not provide for sole retention by the retired person, the parties must obtain an amended or modified divorce decree after September 1, 2017, which provides for sole retention by the retired person of all rights to the retirement allowance.

A PWC cost statement indicates an insignificant fiscal savings to PSRS and PEERS for this bill. The Board went on record unanimously in support of HB 723.

House Bill (HB) 864 Allows all PSRS members to elect a Defined Contribution (DC) retirement option.

Under the bill:

- Member are not allowed to change the election once made.
- Members cannot participate in both the defined benefit option and the defined contribution option.
- Requires employers to contribute 5% of payroll (as well as Social Security contribution of 6.2%, total contributions would be 11.2%) for any member who elects the defined contribution option.
- Requires employees to select their contribution level between 3% and 50% (as well as Social Security contribution of 6.2%, total contribution would be 9.2% to 56.2%) of payroll unless restricted by federal law.
- Employees shall select specific investment options.

PWC is still working on the cost to PSRS should this bill go into effect. In years' past, this cost associated with similar bills has been very significant. The Board went on record in opposition to HB 864.

Investments: Diversification and Down-Side Protection

The main determinant of a pension fund's long-term success is its investment asset allocation.

One of the PSRS/PEERS investment staff's key objectives is to continuously analyze the Systems' asset allocation to ensure that it is positioned appropriately for *future* market environments. Ultimately, the staff strives to achieve the optimal allocation of funds among asset classes given the Systems' return requirements, risk tolerance and ongoing liabilities.

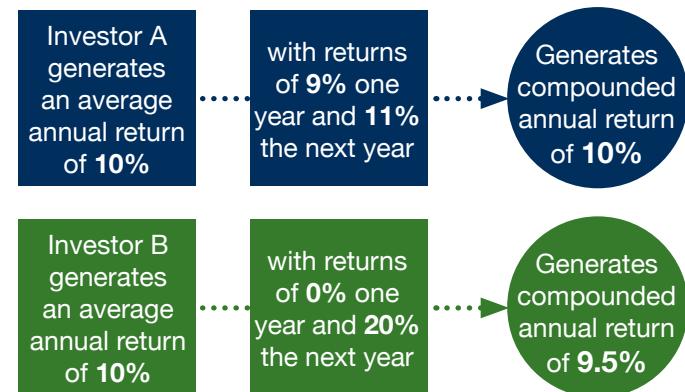
Reducing Volatility

The volatility of investment returns matters for institutional investors such as PSRS and PEERS because lower volatility translates into higher returns. Volatility refers to the amount of uncertainty or risk related to the size of changes in an investment's value.

A higher volatility means that an investment's value can potentially be spread out over a larger range of values. This means that the price of the investment can change dramatically over a short time period in either direction. A lower volatility means that an investment's value does not fluctuate dramatically and tends to be steadier.

If two portfolios have the same average return, the one with the lower volatility will generate a higher compounded annual return.

Example



The same average rate of return with lower volatility will result in a greater fund balance over time. The

Systems' goal is to achieve investment returns in a relatively smooth (non-volatile) manner.

The primary method to reduce portfolio volatility is through the introduction of additional, uncorrelated asset classes (diversification). The theory behind utilizing uncorrelated assets (or investments that act differently) is that one asset class may be declining (or lower) in value when another is rising. The result is a smoother series of returns for the portfolio as a whole than if the two asset classes moved down and up in a correlated fashion.

Achieving Long-Term Stability

The solid investment performance of PSRS/PEERS several years ago was the result of a two-dimensional portfolio of stocks and bonds. However, the most recent investment success at PSRS/PEERS has been the result of a more broadly diversified program complemented by non-traditional investment strategies (such as real estate, private equity and absolute return strategies) and more active management of assets. The Board made allocations to real estate and private equity over the last several years as a way to improve returns (relative to bonds), diversify stock risk and contribute greater stability to the overall portfolio. For example, the diversified portfolio provides the Systems with a greater degree of downside protection in periods where the stock market declines.

Minimizing Losses During Downturns

Mathematically, if an investor can reduce the exposure in down markets (even by foregoing some upside in positive markets) he can create more wealth (the money grows at a faster rate). Our goal is to protect the PSRS/PEERS' portfolio as much as possible in down markets (because it is difficult to earn back what is lost). However, we also want to remain as fully invested in the stock markets as possible to allow the Systems to earn money when markets are strong.

Continued from page 6

The broad goal of the Systems with respect to the global stock market is to structure the portfolio to capture **at least 60%** of the market when it is up and **less than 40%** when it is down.

For example, if the global stock market was up 10% in a specific year, we would expect the PSRS/PEERS portfolio to be up around 6%. Conversely, if the global stock market was down 10% in a year, we

would expect the PSRS/PEERS portfolio to only be down approximately 4%.

We do not expect the PSRS/PEERS asset allocation to provide 'home-run' like returns for the Systems in any one year. Instead, the diversified asset allocation is expected to enhance the probability that PSRS and PEERS can continue to deliver 'singles' through consistent and meaningful investment returns over the long-term for the members of the Systems. In the end, the overall primary mission and focus still remains investing the Systems' assets in a manner to earn the 7.5% actuarial assumed rate of return over a long-time horizon.

Board Sets Interest Rates on Contributions, Reinstatements and Service Purchases

Interest on Contributions

At the April meeting of the PSRS/PEERS Board of Trustees, the Board voted to maintain the interest rate active members earn on their contributions at 2%, effective June 30, 2019, and also for the upcoming 2019-2020 school year (July 1, 2019 - June 30, 2020).

Interest is credited June 30 each year on the total contributions and interest in a membership, as of the previous June 30. This occurs until the membership is closed. Memberships are closed due to retirement, a refund of a member's contributions and interest, the death of the member, or when the member is not vested and is out of PSRS-covered employment for five consecutive school years.

The interest rate has no impact on the amount of your retirement benefits. Interest is paid out through lump-sum payments made to members who request refunds of their contributions and the interest earned on those contributions, and to the beneficiaries of deceased members.

Interest on Reinstatements and Service Purchases

In accordance with PSRS/PEERS regulations, the Board voted to maintain the interest rate charged on the reinstatement of previously forfeited service and applicable service purchases at 7.5%. This is the Systems' assumed, or target rate of return on investments.

Board Leadership Selected for 2019-2020 School Year

At their April meeting, the Board re-elected Dr. Aaron Zalis to serve as chair and Jason Hoffman to serve as vice chair for the 2019-2020 school year (July 1, 2019 to June 30, 2020).



Dr. Aaron Zalis
Chair



Jason Hoffman
Vice Chair

Application Deadline for July 1 Retirement: June 30, 2019

If you plan to retire July 1, 2019, you must apply for retirement online using Web Member Services or submit your paper **Service Retirement Application** and other required forms and documents by June 30.

However, we recommend filing well in advance. We will need time to review your application and make sure we have all the required supporting documentation to process your request accurately and on time for your requested retirement date.

Make Sure Your Pre-Retirement Employment is Properly Terminated

You can retire July 1 as long as you properly terminate all PEERS-covered employment by June 30, even if you receive paychecks through August. Proper termination of your pre-retirement employment is required in order to be eligible for service retirement benefits.

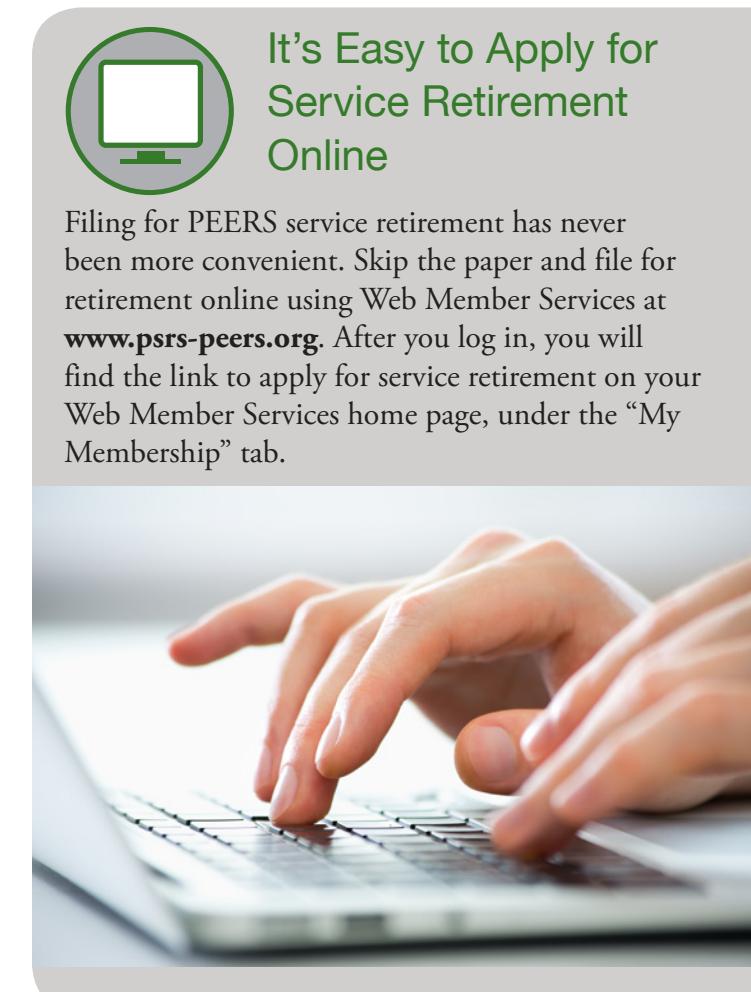
In order to properly terminate employment, you:

- Must end all employment with all PEERS-covered employers prior to your retirement date
- Cannot return to work for a PEERS-covered employer in any capacity for a period of one month after your PEERS retirement date. This includes volunteer work if you later become a paid employee with the same employer in the same, or a similar position.
- Cannot enter into any agreement, written or unwritten, for future employment at a PEERS-covered employer in any capacity until after receiving your first retirement benefit payment. This includes any type of early retirement incentive or separation agreement that requires you to return to work or volunteer in any capacity after retirement in return for salary, including health insurance benefits.

If you do not properly terminate your pre-retirement employment, you are not eligible to retire and receive benefits. In addition, you are required to repay any benefits received while ineligible, including a Partial Lump Sum Option (PLSO) payment, and may be required to pay contributions on your salary until you properly terminate your employment. The minimum you will forfeit is one full monthly benefit.

We Will Acknowledge Your Application

We will acknowledge receipt of your retirement application, whether you do it online or on paper forms. Please call us if you do not receive acknowledgement within two weeks, or prior to your retirement date.



It's Easy to Apply for Service Retirement Online

Filing for PEERS service retirement has never been more convenient. Skip the paper and file for retirement online using Web Member Services at www.psrs-peers.org. After you log in, you will find the link to apply for service retirement on your Web Member Services home page, under the "My Membership" tab.

Attend a Summer Pre-Retirement Planning Seminar

Whether you are getting ready to file for service retirement, or are even just starting to think about it, we recommend you attend a free PEERS Pre-Retirement Planning Seminar.

At a seminar, you will learn from a knowledgeable PEERS benefits professional, who will discuss retirement eligibility, benefit plan options, income tax considerations and much more. You will receive personalized benefit estimates and a helpful packet of information.

Registration is required and is easy to complete, but please register early! Seating for each seminar is limited, and we cannot accept late registrations. To register, log in to Web Member Services at www.psrs-peers.org or call us at **(800) 392-6848**. You need an idea of your desired retirement date, along with your beneficiary's name and birth date. If you need assistance, we can help. We look forward to seeing you at a seminar!

Date	Location	Address	Time	Closing Date to Register
June 4, 2019	Ozarks Technical Community College	815 N. Sherman Ave., Springfield	1 p.m.	May 21, 2019
June 5, 2019	Lee's Summit North High School	901 NE. Douglas St., Lee's Summit	1 p.m.	May 22, 2019
June 14, 2019	PSRS/PEERS Office	3210 W. Truman Blvd., Jefferson City	1 p.m.	May 31, 2019
June 18, 2019	Stoney Creek Inn- St. Joseph	1201 N. Woodbine Rd., St. Joseph	1 p.m.	June 4, 2019
June 19, 2019	Cape Girardeau Career & Tech. Center	1080 S. Silver Springs Rd., Cape Girardeau	1 p.m.	June 5, 2019
June 24, 2019	PSRS/PEERS Office	3210 W. Truman Blvd., Jefferson City	1 p.m.	June 10, 2019
July 9, 2019	Liberty North High School	1000 NE. 104 th St., Liberty	1 p.m.	June 25, 2019
July 12, 2019	PSRS/PEERS Office	3210 W. Truman Blvd., Jefferson City	1 p.m.	June 28, 2019
July 16, 2019	Francis Howell District Board Office	4545 Central School Rd., St. Charles	1 p.m.	July 2, 2019
July 23, 2019	Lodge Des Peres	1050 Des Peres Rd., Des Peres	4 p.m.	July 9, 2019
July 25, 2019	Ozarks Technical Community College	815 N. Sherman Ave., Springfield	1 p.m.	July 11, 2019
July 29, 2019	PSRS/PEERS Office	3210 W. Truman Blvd., Jefferson City	1 p.m.	July 15, 2019

Service Purchase Deadlines Approaching for USERRA, Unpaid Sick Leave and Workers' Compensation Leave

Missing work while on military leave, unpaid sick leave or workers' compensation leave means you will not have a full year of service with PEERS for the affected year(s). The good news is you may be eligible to purchase service with PEERS for the time you missed. However, these types of service purchases have specific deadlines.

USERRA-Covered Military Leave

Purchase Application Deadline: Within five years of re-employment following the leave

Members who have been on military leave covered by the federal Uniformed Services Employment and Reemployment Rights Act (USERRA) can purchase the service. To qualify, you must return to employment with the same employer after your military leave and apply to purchase the leave within five years of that re-employment.

Your USERRA-covered service counts toward vesting your PEERS membership and retirement eligibility, regardless of whether you purchase your service. If you purchase the service, it is also included in the total service used to calculate your retirement benefit.

Cost to Purchase

Your cost is based on the salary that you would have been paid and the contribution rate in effect during your leave. You pay the employee portion and your employer pays the employer portion.

Unpaid Sick Leave and Workers' Compensation Leave

Purchase Payment Deadline: Two school years after the leave

You can also purchase service that you lost because you were out on unpaid sick leave or workers' compensation leave. You must complete payment

within the two school years following the leave. That means if your leave occurred during the 2016-2017 school year, your deadline to complete the purchase is June 30, 2019. Unpaid sick leave can include time you were on maternity or paternity leave.

Cost to Purchase

Your cost is the contributions you would have made to PEERS during the full period of the leave, if you had been working. Contact your employer to determine if your leave is eligible and arrange your payment.

Why Should You Consider Purchasing Service?

All members are eligible to purchase some type of service before retirement. A purchase is an important consideration, because the amount of service you have on record with PEERS is one of the factors used to determine your benefit eligibility and benefit amount.

A service purchase can help you:

- Increase your benefit
- Reach retirement eligibility sooner

How Purchasing Service Can Increase Your Benefit

The Service Retirement Benefit Calculation				
Benefit Factor	Final Average Salary (Monthly)	Years of Service on Record with PEERS	Lifetime Single Life Monthly Benefit	
1.61% x	\$2,000	x 16 =	\$515	
1.61% x	\$2,000	x 17 =	\$547	

Purchase one year of service

In this example, the purchase of one year of service increases the lifetime monthly benefit amount by \$32 per month, or \$384 per year.

Choose Your Communications Preference: Email or Postal Mail?

PSRS/PEERS is going green! Now you can choose to receive important information about your Retirement System by email, rather than on paper. It's an easy way to help us save natural resources and money while you stay informed.

If you haven't visited recently, the next time you log in to Web Member Services you will be asked to tell us how you prefer to receive your information. You can specify how you would like to receive newsletters and annual statements, and whether you would like to receive emailed newsflashes and Board of Trustees meeting summaries.

If you told us your preferences after receiving our email last month, we recommend you visit again to be sure your changes were made properly. High volume on our servers during that time caused a few error messages.

Notes about Email Addresses:

- In order to receive electronic communication, you must have a unique email address – one that is not shared with any other PSRS/PEERS member. If you currently have a Web Member Services account, but share an email on record with another member, such as a spouse, you must change your email address on record before changing your communication preferences to email.
- You can update your email address in Web Member Services, by clicking "Update My Contact Information" on your welcome screen.
- It is also important to keep your email address on record with us up to date so important information about your membership and retirement benefits will continue to reach you.





PUBLIC EDUCATION EMPLOYEE
RETIREMENT SYSTEM OF MISSOURI

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PERMIT NO. 317



Ask **Us** When You Need Information About Your PEERS Retirement

When you need PEERS-specific information or assistance, it is best to come directly to us. Our information center representatives and benefits counselors are happy to assist you by phone or email when you have questions about anything PEERS-related. They can also set up an appointment for you to visit in person, if that best meets your needs.

“Helping with questions and retirement paperwork is an important part of our service to members. We will make sure you have all the information you need, when you need it. There is never a cost for this service.”

Amanda Bryant, PEERS benefits supervisor

Many PEERS members choose to enlist the help of a financial planner when preparing for retirement. A qualified, trusted financial planner can provide you valuable advice through an evaluation of your overall financial situation.

Even when working with a financial planner, it is important to remain engaged in your retirement planning. Make it your goal to work with your financial planner **and** PEERS to make decisions that are right for you.